



# Annual Report of the State Treasurer

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Fiscal Year 1999-2000

*John Engler, Governor*  
*Mark A. Murray, State Treasurer*

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***Note:** Dollar figures in financial tables represent thousands of dollars unless indicated otherwise.  
Figures may not add to totals because of rounding.*



STATE OF MICHIGAN  
John Engler, Governor

DEPARTMENT OF TREASURY  
Mark A. Murray, State Treasurer



April 27, 2001

The Honorable John Engler  
Members of the Michigan Legislature  
People of the State of Michigan

Award-winning fiscal management, a reduced tax burden for Michigan individuals and businesses, and the implementation of tax-filing innovations have made fiscal year 2000 a rewarding year for our state.

Last year, Michigan received third-party confirmation that the fiscal and economic policies of the past decade have renewed and invigorated the state. Wall Street rating agencies, Standard & Poor's (S&P) and Moody's, upgraded the state's credit rating to AAA—the highest available. Michigan had not been rated AAA by S&P since 1976 and never before by Moody's. The high rating will mean lower interest costs, allowing more dollars to go directly into work to be done.

In keeping with the state's prudent fiscal policy, several tax cuts continued their phase-in, further reducing the burden on Michigan individuals and businesses. The income tax rate continues to phase down to 3.9 percent from the 4.4 percent rate in 1999, and the single business tax rate remains on schedule to be eliminated through annual reductions of 0.1 percent per year. Additional immediate relief was also provided through increased property tax credits for senior citizens and disabled individuals, increased exemption amounts for dependent children, new exemptions for older children, and special exemptions for taxpayers providing over 50 percent of the financial support to their family members.

In addition to lower taxes, taxpayers found filing easier and refunding faster with the availability of electronic filing (e-file), filing by phone (TeleFile), two-dimensional (2-D) barcoding, and direct deposit. These automated methods cut data processing time, while reducing errors and adding convenience to the tax-filing process.

The successes of fiscal year 2000 would not have been possible without the hard work and commitment of the Michigan Legislature, Administration and all Treasury employees.

Sincerely,

Mark A. Murray  
State Treasurer

# *About the Michigan Department of Treasury*

*The Michigan Constitution provides for the office of the State Treasurer in Article 5, Section 3. The Governor appoints the State Treasurer with the advice and consent of the Senate. Governor John Engler appointed Mark A. Murray as Michigan's 40th State Treasurer in January 1999.*



**John Engler**  
*Governor*

**Mark A. Murray**  
*State Treasurer*

**Chief Deputy  
Treasurer**  
**Madhu R. Anderson**

**Financial and  
Administrative Services**  
**Julie A. Croll**  
**Deputy Treasurer**

**Tax Administration  
and Oversight**  
**Nancy M. Taylor**  
**Deputy Treasurer**

**Bureau of Investments**  
**Alan H. Van Noord**  
**Director**

Legislative Liaison

Michigan Merit Award

Michigan Municipal Bond  
Authority

Michigan State Hospital  
Finance Authority

Office of Cash and Debt  
Management

Office of Communications

Office of Revenue and  
Tax Analysis

Authorities and Trusts

Bureau of  
Administrative Services

Bureau of Controller  
Operations

Office of Internal Audit

Office of Quality  
Management

Bureau of Local  
Government Services  
Bureau of Revenue

# ***Introduction***

## ***Responsibilities***

Under the State Treasurer's direction, the Michigan Department of Treasury collects, invests, and disburses all State monies. The Department administers the major tax laws, which in fiscal year 2000 generated 96 percent of the total State tax collections.

The Department also administers property tax laws, safeguards the credit of the State and its local governments, audits county and municipal finance records, and holds unclaimed or abandoned property.

The Department provides support services to the Michigan Merit Award, Investment Advisory Committee, Michigan Education Trust, Michigan Higher Education Assistance Authority, Michigan Higher Education Facilities Authority, Michigan Higher Education Student Loan Authority, Michigan Municipal Bond Authority, Michigan State Hospital Finance Authority, State Assessors Board and State Tax Commission. While the State Treasurer serves as a member or chair of several of these boards and

authorities, by law each operates independently of the State Treasurer, and their members are appointed by the Governor or serve by virtue of their position in State government.

## ***Administration***

The Department is organized into an executive office and four areas of responsibility. During fiscal year 2000, departmental operating expenditures were \$170 million. At the close of fiscal year 2000, Treasury employed 1,428 full-time workers.

The main office of the Department is in downtown Lansing. Field offices are located throughout Michigan, many of which offer taxpayers local access to forms and information. These offices also provide a link to the main office for Treasury auditors and collectors who are assigned to Michigan's 83 counties. Treasury also maintains offices in California, Illinois, New Jersey, New York, Ohio and Texas for proximity to multi-state taxpayers doing business in Michigan.

## ***Commissions, Boards and Authorities***

### ***Commissions, boards and authorities within Treasury:***

Michigan Merit Award  
Investment Advisory Committee  
Michigan Education Trust  
Michigan Higher Education Assistance Authority  
Michigan Higher Education Facilities Authority  
Michigan Higher Education Student Loan Authority  
Michigan Municipal Bond Authority  
Michigan State Hospital Finance Authority  
State Assessors Board  
State Tax Commission

### ***The State Treasurer serves as investment fiduciary of the following:***

Judges Retirement Fund  
Public School Employees Retirement Fund  
State Employees Retirement Fund  
State Police Retirement Fund

### ***The State Treasurer serves as treasurer of the:***

Mackinac Bridge Authority  
Michigan Judges Retirement System  
Michigan Legislative Retirement System  
Michigan Public School Employees Retirement System  
Michigan State Employees Retirement System  
Michigan State Police Retirement System

### ***The State Treasurer sits as a board member of the following:***

Michigan Education Trust, Chair  
Michigan Merit Award Board, Chair  
Michigan Municipal Bond Authority, Chair  
Michigan School District Accountability Board, Chair  
Local Emergency Financial Assistance Loan Board  
Michigan Capitol Park Commission  
Michigan Economic Development Corporation Corporate Board  
Michigan Economic Growth Authority  
Michigan Forest Finance Authority  
Michigan Higher Education Assistance Authority  
Michigan Higher Education Student Loan Authority  
Michigan State Hospital Finance Authority  
Michigan State Housing Development Authority  
Michigan Strategic Fund  
Michigan Underground Storage Tank Financial Assurance Authority  
Retirement Boards:  
Judges  
State Employees  
State Police  
State Administrative Board

# ***Fiscal Year 2000: The Year in Review***

## ***Credit Rating Upgraded to AAA***

Wall Street rating agencies, Standard & Poor's (S&P) and Moody's, recently upgraded the State's credit rating to the highest rating possible, AAA. Michigan had not been rated AAA by S&P since 1976 and had never received the AAA rating from Moody's. Development and implementation of an effective financial management structure, continued strengthening of the State's budget stabilization fund (Rainy Day Fund) and School Aid Fund, unemployment rates below the national average, gains in economic diversification, and prudent tax cuts and realistic budgeting were all cited as reasons for the upgrade.

## ***Customer Service Improvements***

### ***Making Filing Taxes Easier***

Due to more self-help options through the automated Computerized Refund Information System, a provision on the individual income tax return to report use tax obligations and a host of paperless filing options, fiscal year 2000 was a year for easier filing. A record number of taxpayers chose the ease of paperless filing such as electronic filing (e-file) and TeleFile (via phone), received their refunds faster, and reduced the number of errors that commonly occur on paper returns.

In addition to easing the filing burden, Treasury focused on increasing taxpayer education and improving service by way of an informed and well-trained staff. Treasury's new automated audit system FARSTaR (Field Audit Research, Selection, Tracking and Reporting) uses technology to connect all auditors throughout Michigan into a central network, improving audit efficiencies and providing a less burdensome audit process for taxpayers. Also, a Web-based tax information and research service to support field staff was successfully deployed and implemented, saving \$23,000 over the previous paper-based, multi-volume system.

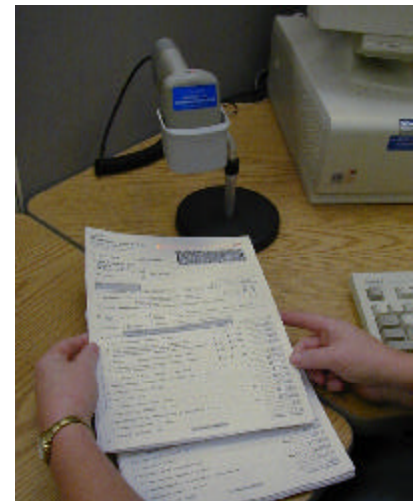
### ***2-D Barcoding***

Two-dimensional (2-D) barcoding is an innovation that will also increase speed and accuracy of tax filing. The 2-D barcodes are printed on computer-generated tax forms that make scanning 100 percent accurate, eliminating data entry errors which can delay processing of returns. This method allows quick access to taxpayer data by phone staff who can then immediately respond to tax preparer and taxpayer questions. Additionally, calculation errors are reduced because the tax preparation software does the computations. Processing costs associated with paper returns are reduced, saving taxpayer dollars.

### ***Outreach***

With the implementation of Treasury's new Outreach program, a series of 8 new seminars for small businesses was launched. Instruction was provided on State taxes at 18 Tax Schools put on by Michigan State University and the University of Michigan, and income tax preparation instructions were provided to volunteer preparers statewide. Income tax preparation videos were provided to libraries and volunteer tax preparation groups statewide, and training was provided to legislative staff, professional preparers and attorneys.

The Department is also working proactively with the business community to increase its knowledge of the new Dyed Diesel law.



*2-D barcoded tax forms increase speed and accuracy of tax processing.*

# ***("Fiscal Year 2000" continued)***

## ***Putting the Emphasis on Education***

### ***Michigan Merit Award***

More than 42,000 students from the class of 2000 earned Michigan Merit Awards. The \$2,500 scholarship is based on the Michigan Educational Assessment Program (MEAP) tests and can pay for postsecondary education costs such as tuition, books, computers and more. The Merit Award Program provides access to \$100 million in awards, making this Program one of the largest State-based merit scholarship programs in the nation.

### ***Golden Apple***

In its inaugural year, the "Golden Apple" awards provided nearly 200 elementary schools with at least \$50,000 for school improvements such as text books, computers, guest lecturers, or other innovations. The awards were based on the schools' performance on 4<sup>th</sup> and 5<sup>th</sup> grade MEAP tests.

### ***Michigan Education Savings Program***

The Michigan Education Savings Program (MESP) was rated one of the top five best college savings plans in the nation by *Money* magazine. This program provides an opportunity to pay for postsecondary education through savings rather than debt.



*Sheridan Elementary School in Lansing receives a Golden Apple Award from Governor John Engler for performance on the Michigan Educational Assessment Program.*

Parents, grandparents, relatives and friends can set up an account with as little as \$25, or \$15 through payroll deduction. While other states have similar plans, Michigan is unique by offering a State match for certain beneficiaries. Earnings grow federally tax deferred with income taxes eventually paid at the beneficiary's income tax rate, and there are no State income taxes on earnings used to pay for qualified higher education expenses. Account owners can receive an annual State income tax deduction of up to \$5,000 (\$10,000 for joint filers).

### ***Michigan Education Trust***

The Michigan Education Trust (MET) program established an extended 10-month open enrollment period. Additional processing conveniences include: early submissions to save on the processing fee, a one-step process allowing purchasers to complete their contracts on the MET Web site, addition of a 10-year option for monthly purchasers, payroll deduction for contributions, one booklet that includes contracts for each category of tuition benefits, and waiver of termination fee if beneficiaries terminate contracts for certain reasons.

## ***Record Year for Unclaimed Property***

Through increased public awareness, continued ease of conducting Web site searches, and membership with national unclaimed property associations, the Unclaimed Property Division approved over 20,000 claims in one year and returned over \$19 million to property owners.



# *Notable 1999-2000 Legislative Changes*

## ***Public Act 115 of 1999***

Amends Single Business Tax Act and replaces capital acquisition deduction with an investment tax credit, set at a rate of .85% for all firms in Michigan.

## ***Public Act 40 of 2000***

Reduces 4.3% income tax rate by .1% annually until it reaches 3.9% in 2004 and remains at that rate.

## ***Public Act 41 of 2000***

Allows totally and permanently disabled or deaf persons to receive a property tax credit for 100% (up from 60%) of their property taxes in excess of 3.5% of their household income.

## ***Public Act 42 of 2000***

Expands exemption of dependent children to \$600 for children up to age 17.

## ***Public Act 43 of 2000***

Increases and expands definition of “dependent” to allow a special exemption for taxpayers who provide over 50% of the financial support to family members.

## ***Public Act 145 of 2000***

Expands Brownfield Redevelopment Financing Act by adding to eligible activities, allowing local tax capture for operating expenses, expanding definition of eligible property and extending program sunset to January 1, 2003.

## ***Public Act 301 of 2000***

Allows taxpayer to claim an \$1,800 exemption if 65 years of age or older. Allows an \$1,800 exemption if taxpayer is totally and permanently disabled, deaf, blind, hemiplegic, paraplegic, or quadriplegic. Taxpayer may also claim this exemption for his or her dependents who qualify for exemptions. An exemption may also be claimed if a taxpayer has unemployment compensation of 50% or more of his or her Federal adjusted gross income. Taxpayers eligible to be claimed as a dependent by someone else may now claim a \$1,500 personal exemption, a \$500 increase.

## ***Public Act 393/394 of 2000***

Allows taxpayers who claim the federal adoption credit to claim a refundable credit for up to \$1,200 on their Michigan income tax return for expenses in excess of the federal credit.



*East lawn of Michigan State Capitol*



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OFFICE OF THE AUDITOR GENERAL  
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LANSING, MICHIGAN 48913  
(517) 334-8050  
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THOMAS H. McTAVISH, C.P.A.  
AUDITOR GENERAL

Independent Auditor's Report

February 23, 2001

Mr. Mark A. Murray  
State Treasurer  
State of Michigan

Dear Mr. Murray:

We have audited the accompanying schedule of State Treasurer's Common Cash - assets and equities, schedule of investment portfolios of specific funds, and schedule of investment revenues as of and for the fiscal years ended September 30, 2000 and September 30, 1999. These financial schedules are the responsibility of the Department of Treasury's management. Our responsibility is to express an opinion on these financial schedules based on our audit. We did not audit the financial statements of the State Employees' Deferred Compensation Fund I (457), the State Employees' Deferred Compensation Fund II (401(k)), or the State Employees' Defined Contribution Retirement Fund. For the fiscal year ended September 30, 1999, those financial statements reflect total investments constituting 6.1% of the investments of the specific funds (Schedule 2) and total investment revenues constituting 6.4% of the investment revenues of all funds (Schedule 3). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for these funds, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

As described in Note 1b, the accompanying financial schedules include only the schedule of State Treasurer's Common Cash - assets and equities, presented on the

Mr. Mark A. Murray  
State Treasurer  
State of Michigan  
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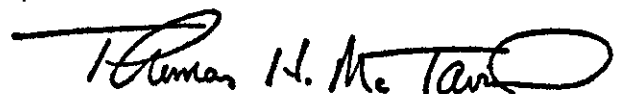
cash basis of accounting, and the schedule of investment portfolios of specific funds and the schedule of investment revenues, presented on the accrual basis of accounting. Accordingly, these financial schedules are not intended to constitute a complete financial presentation of the Department of Treasury.

In our opinion, based on our audit and the reports of other auditors, the financial schedules referred to in the first paragraph present fairly, in all material respects, the State Treasurer's Common Cash - assets and equities, the investment portfolios of specific funds, and the investment revenues as of and for the fiscal years ended September 30, 2000 and September 30, 1999 on the basis of accounting described in Note 1b.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 23, 2001 on our tests of the Department of Treasury's compliance with certain provisions of laws, regulations, contracts, and grants and on our consideration of its internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The supplemental tables and statistical data, listed in the foregoing table of contents, were not audited by us and, accordingly, we express no opinion on them.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas H. McTavish", with a large, stylized loop at the end.

Thomas H. McTavish, C.P.A.  
Auditor General

# Schedule 1



## State Treasurer's Common Cash - Assets and Equities (In Thousands of Dollars)

	<u>Fiscal Year Ended September 30</u>	
	<u>2000</u>	<u>1999</u>
<u>Assets</u>		
Cash on Hand (Vault)	\$ 163	\$ 202
Demand Deposits	158,986	236,502
Time Deposits - Regular	50,641	45,900
Prime Commercial Paper - At Cost	5,193,029	3,908,761
Emergency Municipal Loans	<u>40,470</u>	<u>1,017</u>
Total	<u>\$ 5,443,289</u>	<u>\$ 4,192,382</u>
 <u>Equities</u>		
Available Equity of Other Funds	\$ 5,231,705	\$ 3,987,807
Outstanding Warrants	<u>211,584</u>	<u>204,575</u>
Total	<u>\$ 5,443,289</u>	<u>\$ 4,192,382</u>

The accompanying notes are an integral part of the financial schedules.

# Schedule 2



## Investment Portfolios of Specific Funds (In Thousands of Dollars)

Fund	Short-term Investments	Government Securities	Corporate Bonds, Notes and Contracts	Preferred Stock	Common Stock	Mortgages	Real Estate	Alternative Investments	International Equities	Fiscal Year Ended Sept. 30	
										2000 Total	1999 Total
Legislative Retirement	\$ 4,789	\$ 38,904	\$ 23,481	\$ -0-	\$ 114,637	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 181,811	\$ 167,680
State Police Retirement	53,997	142, 433	97,671	-0-	544,219	358	99,980	190,027	77,010	1,205,695	1,099,213
State Employees' Retirement	476,443	1,316,205	912,357	-0-	5,051,960	5,166	955,549	1,780,635	714,817	11,213,132	10,222,098
Public School Employees' Retirement	2,217,602	4,650,103	3,187,676	1	18,025,329	43,391	3,227,606	6,171,250	2,512,941	40,035,899	36,068,797
Judges' Retirement	78,637	43,087	28,186	-0-	148,306	114	32,503	46,646	20,131	397,610	366,347
State Employees Deferred Compensation:											
Fund I 457	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,112,013
Fund II 401 (k)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	967,328
State Employees' Defined Contribution Retirement	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	195,046
Michigan Veterans' Trust	4,100	44,618	-0-	-0-	-0-	-0-	-0-	-0-	-0-	48,718	49,897
Game and Fish Protection Trust	48,361	34,767	-0-	-0-	-0-	-0-	-0-	-0-	-0-	83,128	75,705
Michigan Natural Resources Trust	181,848	70,404	-0-	-0-	-0-	-0-	-0-	-0-	-0-	252,252	224,298
Michigan State Parks Endowment	54,740	38,985	-0-	-0-	-0-	-0-	-0-	-0-	-0-	93,725	84,159
Children's Trust	13,944	6,756	-0-	-0-	-0-	-0-	-0-	-0-	-0-	20,700	7,199
State Lottery - Deferred Prize	7,221	824,911	-0-	0-	-0-	-0-	-0-	-0-	-0-	832,132	1,066,472
Michigan Higher Education Assistance Authority	1,431	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,431	1,427
Michigan Education Trust, Plans I and II	37,925	431,973	255,295	25,198	17,278	-0-	-0-	-0-	-0-	767,669	762,883
Gifts, Bequests, and Deposits Investment	31,180	14,249	-0-	-0-	76	-0-	-0-	-0-	-0-	45,505	41,502
Federal Housing Administration - Mortgages Escrow	1,217	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,217	1,196
Totals	\$ 3,213,435	\$ 7,657,395	\$ 4,504,666	\$ 25,199	\$ 23,901,805	\$ 49,029	\$ 4,315,638	\$ 8,188,558	\$ 3,324,899	\$ 55,180,624	\$ 53,513,260

The accompanying notes are an integral part of the financial schedules.

# Schedule 3



## Investment Revenues (In Thousands of Dollars)

Fund	Common Cash	Specific Funds	Total Revenues Fiscal Year Ended September 30	
			2000	1999
General	\$ 72,497		\$ 72,497	\$ 20,690
Counter - Cyclical Budget and Economic Stabilization	73,951		73,951	51,211
Game and Fish Protection	1,461		1,461	1,309
State Aeronautics	647		647	681
Michigan Veterans' Trust	316	\$ 2,942	3,258	1,190
State Trunkline	15,958		15,958	14,007
Michigan State Waterways	3,852		3,852	2,784
Blue Water Bridge	986		986	650
Michigan Transportation	13,271		13,271	11,024
Comprehensive Transportation	1,953		1,953	1,356
Marine Safety	390		390	290
Game and Fish Protection Trust	3,036	2,265	5,301	2,458
State Park Improvement	921		921	715
Forest Development	542		542	421
Recreation Bond - Local Projects	297		297	348
Michigan Conservation Endowment	1,374		1,374	1,149
Michigan Natural Resources Trust	10,573	4,736	15,309	8,083
Michigan State Parks Endowment	3,477	2,592	6,069	2,686
Safety Education and Training	179		179	159
Clean MI Initiative Bond - Local Projects	2		2	- - -
Environmental Protection Bond	1,630		1,630	3,383
Clean MI Initiative Bond - Environment Projects	3,767		3,767	(2)
Workplace Health and Safety	944		944	1,198
Bottle Deposits	6,144		6,144	4,646
State Construction Code	809		809	670
Children's Trust	220	362	582	182
Homeowner Construction Lien Recovery	208		208	78
Michigan Nongame Fish and Wildlife	320		320	245
1989 State Trunkline Bond Proceeds	135		135	(317)
1992 State Trunkline Bond Proceeds	798		798	420
1992 State Trunkline Critical Bridge Bond Proceeds	67		67	76
1992 Comprehensive Transportation Bond Proceeds	730		730	702
1994 State Trunkline Bond Proceeds	218		218	63
1996 State Trunkline Bond Proceeds	9		9	795
Michigan Merit Award Trust	4,136		4,136	- - -
Tobacco Settlement Trust	10,171		10,171	- - -
Michigan Underground Storage Tank Financial Assurance	49		49	176
Liquor Purchasing Revolving	5,688		5,688	3,824
State Lottery Deferred Prize	8,219	59,472	67,691	(24,794)
Michigan Higher Education Assistance Authority	- - -	75	75	75
Urban Land Assembly Loan - MSF	215		215	- - -
State Sponsored Group Insurance	5,661		5,661	5,806
State Water Pollution Control Loan	1,117		1,117	1,088
Combined State Trunkline Bond and Interest Redemption	42		42	34

# Schedule 3



**Continued. . . (In Thousands of Dollars)**

Fund	Common Cash	Specific Funds	Total Revenues Fiscal Year Ended September 30	
			2000	1999
Combined Comprehensive Transportation Bond and Interest Redemption	\$ 55		\$ 55	\$ 10
Debt Service - MUSTFA - Finance Authority	109		109	78
Clean Michigan Initiative Bond - State Projects	848		848	- - -
Recreation Bond - State Projects	259		259	264
Legislative Retirement	207	\$ 18,855	19,062	20,393
State Police Retirement	204	146,075	146,279	158,055
State Employees' Retirement	1,130	1,377,323	1,378,453	1,482,096
Public School Employees' Retirement	7,032	4,811,091	4,818,123	5,124,436
Judges' Retirement	861	43,606	44,467	53,345
Michigan Employment Security Act Contingent	5,560		5,560	4,630
Michigan Education Trust	- - -	40,234	40,234	2,808
Vietnam Veterans' Memorial Monument	33		33	11
Children's Institute Trust	7		7	6
Gifts, Bequests, and Deposits Investment	1,865	374	2,239	990
Silicosis, Dust Disease, and Logging Industry Compensation	463		463	276
Second Injury	1,335		1,335	1,338
Hospital Patients' Trust	53		53	31
Federal Housing Administration - Mortgages Escrow	- - -	6	6	411
Self-Insurers' Security	177		177	174
State Employees' Deferred Compensation I (457)	- - -		- - -	273,155
State Employees' Deferred Compensation II (401 (k))	- - -		- - -	170,579
State Employees' Defined Contribution Retirement	- - -		- - -	30,833
Workers' Disability Compensation Multiple Trust	4		4	7
Hazardous and Solid Waste Disposal Facilities Closure Guarantee	170		170	184
Urban Land Assembly Loan	12		12	180
Utility Consumer Representation	90		90	60
Bankrupt Self-Insured Corporations' Workers' Disability Fund #1	34		34	30
Bankrupt Self-Insured Corporations' Workers' Disability Fund #2	- - -		- - -	6
Bankrupt Self-Insured Corporations' Workers' Disability Fund #5	3		3	5
Bankrupt Self-Insured Corporations' Workers' Disability Fund #6	2		2	5
Bankrupt Self-Insured Corporations' Workers' Disability Fund #8	- - -		- - -	14
Bankrupt Self-Insured Corporations' Workers' Disability Fund #10	26		26	9
Bankrupt Self-Insured Corporations' Workers' Disability Fund #11	20		20	13
Bankrupt Self-Insured Corporations' Workers' Disability Fund #12	29		29	23
Fred Sanders, Inc., Workers' Compensation Trust	2		2	- - -
Transportation Related Trust	128		128	21
Totals	\$277,698	\$6,510,008	\$6,787,706	\$7,444,035

The accompanying notes are an integral part of the financial schedules.

# Notes to Financial Schedules



## Note 1: Significant Accounting Policies

### a. Report Presentation

The accompanying financial schedules report the assets and equities of the State Treasurer's common cash (Schedule 1), investment portfolios of specific funds (Schedule 2), and investment revenues of the common cash and specific funds (Schedule 3).

The State Treasurer's common cash and specific funds are accounted for in various funds of the State of Michigan and reported in the *State of Michigan Comprehensive Annual Financial Report*.

The *State of Michigan Comprehensive Annual Financial Report* provides more extensive general disclosures regarding the State Treasurer's common cash and deposits and investments. These disclosures provide information regarding market values and risk levels of the deposits and investments.

### Common Cash Pool

The State Treasurer, under the authority provided by state statute, manages the state's common cash pool. The pooling of cash allows the State Treasurer to invest money not needed to pay immediate obligations so that investment earnings on available cash are maximized. Pool investments are not segregated by fund; rather, each contributing fund's balance is treated as equity in the common cash pool.

### Investments

The State Treasurer, under authority provided by state statutes, manages most investments for the State of Michigan.

*Short-Term Investments:* This category includes each of the listed fund's individually held short-term investments by classification, the fund's equity in the State Treasurer's common cash pool, and receivables and payables pertaining to security trades not yet settled at fiscal year-end.

*Alternative Investments:* These investments consist of limited partnerships, preferred stock, common stock, corporate bonds and notes, and convertible bonds.

*International Equities (Derivatives):* These investments are swap agreements.

The State Treasurer does not employ the use of derivatives in the investment of the State Treasurer's common cash pool or the investment of trust funds other than the pension trust funds.

Derivatives are financial instruments whose value is derived from, or based on, an underlying security, asset, reference rate or index. The State Treasurer uses derivatives for a small amount of the pension trust fund portfolios, primarily to provide additional diversification. However, derivatives are not used for speculation and they are not used to leverage the investment portfolios. Less than 7 percent of the total pension trust funds portfolio has been invested from time to time in futures contracts and swap agreements. Swap agreements, which are tied to stock market indices in twenty foreign countries, represent the largest category of derivatives used and total approximately 6.1 percent of the total portfolio.

### b. Basis of Accounting

Schedule 1, *State Treasurer's Common Cash - Assets and Equities*, is presented on the cash basis of accounting. (*The State of Michigan Comprehensive Annual Financial Report's* disclosure regarding the State Treasurer's common cash includes \$28.9 million in interest receivable, because it is presented on the modified accrual basis of accounting.) Schedule 2, *Investment Portfolios of Specific Funds*, and Schedule 3, *Investment Revenues*, are reported on the accrual basis of accounting.





### **c. Valuations of Investments**

#### **Schedule 1**

All investments are reported at cost.

Demand deposits represent the account balance reported on bank statements and include deposits which are in the process of being collected through the banking system.

The market value of prime commercial paper at September 30, 2000 and 1999 was \$5,219.4 and \$3,924.4 million, respectively.

#### **Schedule 2**

*Methods used to value investments:*

All investments are reported at fair value, except for short-term investments, which are reported at cost. Securities traded on a national exchange are valued at last reported sales price. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

### **d. Securities Lending Transactions**

Under the authority of Act No. 314 of the Public Acts of 1965, the state lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. One of the state's custodial banks manages the securities lending program and receives securities as collateral. The custodian is not liable for any losses unless there is negligence or willful misconduct on its part. The collateral securities cannot be pledged or sold by the state and the state receives collateral in the amount of 102 percent of the market value of the securities lent. The types of securities lent are government securities, corporate bonds and equities, and the collateral received is cash, cash equivalents, and U.S. Treasury securities. There is no restriction on the amount of securities lent. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. At September 30, 2000 the state had no outstanding credit risk. The market value of the securities lent at September 30, 2000 and 1999 was \$1,479.3 and \$2,061.2 million respectively.

### **Note 2: Change in Reporting of Funds**

*Effective for fiscal year ended September 30, 1999:*

The Clean MI Initiative Bond Fund - Environment Projects and Bankrupt Self-Insured Corporations' Workers' Disability Fund #10 were added as new funds participating in the Common Cash Fund on Schedule 3.

*Effective for fiscal year ended September 30, 2000:*

The Clean MI Initiative Bond Fund - Local Projects, Michigan Merit Award Trust, Tobacco Settlement Trust, Urban Land Assembly Loan Fund, and Clean Michigan Initiative Bond Fund - State Projects were added as new funds participating in the Common Cash Fund on Schedule 3. Municipal Employees' Retirement, Bankrupt Self-Insured Corporations' Workers' Disability Fund #4, Bankrupt Self-Insured Corporations' Workers' Disability Fund #7, and Bankrupt Self-Insured Corporations' Workers' Disability Fund #9 were removed from Schedule 3. State Employees Deferred Compensation Fund I (457), State Employees Deferred Compensation Fund II (401(k)), and State Employees Defined Contribution Fund were not reported for the FYE 2000 on Schedule 2 and 3 due to the transfer of these funds, within the State, to the Department of Management and Budget - Office of Retirement Systems.

# Cash and Investments

The State Treasurer manages the State's cash so funds not needed to pay immediate obligations are invested to earn income. Investments include time certificates of deposit and prime commercial paper as detailed in Schedule 1, *State Treasurer's Common Cash - Assets and Equities*.

Statutes also allow the State Treasurer to loan funds from the common cash pool to financially troubled municipalities in Michigan and to make common cash available to Michigan farmers experiencing financial stress.

The common cash fund pools the cash balances of certain State funds until paid as provided by law. Manageable common cash includes the following funds:

- General
- School Aid
- Budget Stabilization
- Special Revenue and Enterprise
- Internal Service
- Trust and Agency

The State Treasurer is authorized to transfer cash on hand and on deposit among these funds to best manage the available cash, maximize short-term investment earnings and ensure that State obligations are paid when due.

## Table 1



### Investment Revenues for Fiscal Years 1991-2000 (In Thousands of Dollars)

Fiscal Year	General Fund Common Cash Earnings (Expenses) (a)	Public School Employees' Retirement	State Employees' Retirement	State Police Retirement	Judges' Retirement	Probate Judges' Retirement (b)	Other Investment Funds	Totals (c)
2000	\$ 72,497	\$ 4,818,123	\$ 1,378,453	\$ 146,279	\$ 44,467	- - -	\$ 327,887	\$ 6,787,706
1999	20,690	5,124,436	1,482,096	158,055	53,345	- - -	605,413	7,444,035
1998	(17,192)	2,443,513	718,011	76,461	26,467	- - -	497,425	3,744,685
1997	(72,004)	5,794,850	1,699,093	178,693	61,992	- - -	738,364	8,400,988
1996	(64,749)	3,325,848	965,921	101,983	35,277	- - -	759,728	5,124,008
1995	(67,292)	1,381,419	407,813	41,579	14,731	- - -	448,830	2,227,080
1994	(10,487)	1,112,592	328,409	33,787	12,001	- - -	396,095	1,872,397
1993	(1,176)	1,165,741	337,276	35,656	12,426	\$ 1,187	357,083	1,907,007
1992	(3,747)	814,420	244,287	26,341	8,343	1,184	332,244	1,423,076
1991	(48,853)	963,738	280,352	29,460	9,104	1,344	338,069	1,573,054

(a)

Fiscal Year Ending	Total State Treasurer's Common Cash Fund and General Obligation Note Retirement Fund Earnings	Distribution of Earnings to Retirement and Other Funds Reported in Their Earnings	General Fund Common Cash Earnings(Expenses)
2000	\$ 277,698	\$ 205,201	\$ 72,497
1999	163,811	143,121	20,690
1998	143,222	160,414	(17,192)
1997	100,067	172,071	(72,004)
1996	99,461	164,210	(64,749)
1995	97,125	164,417	(67,292)
1994	64,435	74,922	(10,487)
1993	50,748	51,924	(1,176)
1992	57,069	60,816	(3,747)
1991	64,236	113,089	(48,853)

(b) Effective fiscal year 1993, the Probate Judges' Retirement Fund was combined with the Judges' Retirement Fund.

(c) Effective October 1, 1997, revenues for non-retirement funds include unrealized gains and losses. Retirement funds were reported at fair value effective October 1, 1996.

**Table 2**

## Statement of Actual Available Month-End Common Cash (In Millions of Dollars)

Month	Combined General Fund and School Aid Fund	Budget Stabilization Fund	Other Funds	Manageable Common Cash (a)	Retirement Funds	Bond Funds (b)	Total Common Cash (c)
October 1999	\$ 1,114.9	\$ 1,043.2	\$ 1,449.0	\$ 3,607.1	\$ 180.4	\$ 183.7	\$ 3,971.2
November	1,261.5	1,033.2	1,466.8	3,761.5	82.3	188.1	4,031.9
December	1,246.8	1,033.2	1,343.9	3,623.9	158.7	184.3	3,966.9
January 2000	1,874.9	1,222.5	1,389.9	4,487.3	147.5	191.2	4,826.0
February	1,402.3	1,237.5	1,575.5	4,215.3	167.2	188.3	4,570.8
March	1,260.2	1,237.5	1,304.3	3,802.0	166.6	180.5	4,149.1
April	1,398.0	1,205.5	1,393.7	3,997.2	139.8	177.3	4,314.3
May	1,593.0	1,224.3	1,570.7	4,388.0	63.3	192.0	4,643.3
June	1,021.0	1,224.3	1,781.5	4,026.8	123.1	174.0	4,323.9
July	1,198.8	1,187.2	1,823.8	4,209.8	139.8	172.9	4,522.5
August	738.7	1,243.8	1,734.2	3,716.7	186.3	164.1	4,067.1
September	1,631.6	1,264.4	1,996.1	4,892.1	186.2	153.4	5,231.7

- (a) Manageable Common Cash Includes the General, School Aid and Budget Stabilization Funds; Special Revenue, Enterprise, Internal Service, Trust and Agency Funds; and State Building Authority Advance Financing Funds. The State Treasurer is authorized to transfer cash on hand and on deposit among these funds in such a manner as to best manage the available cash on hand.
- (b) Includes Debt Service, Capital Projects and Bond Funds.
- (c) Includes Manageable Common Cash, Retirement, Debt Service, Capital Projects and Bond Funds.

**Table 3**

## Common Cash History (In Millions of Dollars)

Fiscal Year Ended	Combined General Fund and School Aid Fund	Budget Stabilization Fund	Other Funds	Manageable Common Cash (a)	Retirement Funds	Bond Funds (b)	Total Common Cash (c)
September 1991 (d)	\$ (167.7)	\$ 406.2	\$ 684.0	\$ 922.5	\$ 181.7	\$ 125.1	\$ 1,229.3
September 1992 (d)	(210.0)	188.6	869.0	847.6	235.8	520.3	1,603.7
September 1993 (d)	32.7	20.7	1,067.6	1,121.0	238.6	349.2	1,708.8
September 1994 (d)	226.2	311.7	1,307.8	1,845.7	356.8	309.8	2,512.3
September 1995	(342.6)	1,083.4	1,369.1	2,109.9	586.0	352.2	3,048.1
September 1996	(700.0)	1,173.4	1,387.8	1,861.2	298.2	205.2	2,364.6
September 1997	(493.9)	1,152.4	1,339.6	1,998.1	133.4	143.5	2,275.0
September 1998	136.0	1,000.5	1,426.3	2,562.8	140.3	264.2	2,967.3
September 1999	1,068.3	1,222.5	1,423.9	3,714.7	142.9	130.2	3,987.8
September 2000	1,631.6	1,264.4	1,996.1	4,892.1	186.2	153.4	5,231.7

- (a) Manageable Common Cash Includes the General, School Aid and Budget Stabilization Funds; Special Revenue, Enterprise, Internal Service, Trust and Agency Funds; and State Building Authority Advance Financing Funds. The State Treasurer is authorized to transfer cash on hand and on deposit among these funds in such a manner as to best manage the available cash on hand.
- (b) Includes Debt Service, Capital Projects and Bond Funds.
- (c) Includes Manageable Common Cash, Retirement, Debt Service, Capital Projects and Bond Funds. Fiscal years 1991 through 1994 include Imprest Cash and/or transactions in process.
- (d) General and School Aid Funds balance includes \$14.1 million of transactions in process for 1991, \$10.8 million for 1992, \$18.6 million for 1993 and \$26.1 million for 1994.

# Table 4



## State Treasurer's Common Cash Fund, Cash Balances and Transactions by Fund (In Thousands of Dollars)

Fund	Cash Balances 10-1-99	Receipts (a)	Disburse- ments (b)	Transfers In	Transfers Out	Cash Balances 9-30-00	Warrants Outstanding	Available Balances 9-30-00
<b>GENERAL AND SCHOOL AID</b>								
General	\$ 1,284,780	\$ 25,071,513	\$ 24,382,496	\$ 1,326,914	\$ 1,819,843	\$ 1,480,868	\$ 151,409	\$ 1,329,459
SchoolAid	(68,420)	9,300,036	9,987,077	1,070,627	12,999	302,168	26	302,141
Total General and School Aid	\$ 1,216,360	\$ 34,371,549	\$ 34,369,572	\$ 2,397,542	\$ 1,832,842	\$ 1,783,035	\$ 151,435	\$ 1,631,600
<b>BUDGET STABILIZATION</b>								
Counter-Cyclical Budget and Economic Stabilization	\$ 1,222,483	\$ 73,951	\$ -0-	\$ 100,000	\$ 132,000	\$ 1,264,434	\$ -0-	\$ 1,264,434
Total Counter-Cyclical Budget and Economic Stabilization	\$ 1,222,483	\$ 73,951	\$ -0-	\$ 100,000	\$ 132,000	\$ 1,264,434	\$ -0-	\$ 1,264,434
<b>SPECIAL REVENUE</b>								
Game and Fish Protection	\$ 22,370	\$ 56,026	\$ 59,587	\$ 5,275	\$ 1,244	\$ 22,840	\$ 243	\$ 22,597
Michigan Employment Security Act-Administration	706	135,062	153,592	17,881	2,386	(2,329)	356	(2,685)
State Aeronautics	15,656	73,390	89,216	14,351	244	13,938	411	13,527
Michigan Veterans' Trust	1,470	11,675	9,020	-0-	26	4,100	14	4,086
State Trunkline	293,797	773,941	1,509,947	876,772	66,451	368,113	19,895	348,218
Michigan State Waterways	58,771	10,912	18,194	14,891	338	66,041	1,241	64,801
Blue Water Bridge	12,721	12,640	7,925	-0-	2,320	15,115	-0-	15,115
Michigan Transportation	197,470	1,898,399	914,412	2,307	1,005,835	177,929	1,182	176,747
Comprehensive Transportation	63,506	93,348	211,666	161,366	23,828	82,727	555	82,171
Marine Safety	4,590	5,470	1,754	-0-	1,038	7,269	53	7,216
Game and Fish Protection Trust	46,696	12,691	5,742	-0-	5,285	48,361	-0-	48,361
State Park Improvement	16,696	28,892	28,341	-0-	176	17,070	291	16,778
Forest Development	7,783	24,253	22,252	-0-	135	9,649	111	9,537
Michigan Civilian Conservation Endowment	21,923	1,374	1,174	-0-	9	22,114	7	22,107
Michigan Natural Resources Trust	162,437	60,393	30,938	-0-	10,043	181,848	532	181,316
Michigan State Parks Endowment	54,491	5,918	15,639	10,000	29	54,741	31	54,709
Safety Education and Training	3,656	5,342	5,538	-0-	34	3,427	41	3,385
Uninsured Employers' Security Fund	23,396	944	1,426	-0-	21,661	1,253	3	1,250
Bottle Deposits	106,694	35,740	28,471	7,031	392	120,602	1,610	118,991
State Construction Code	13,243	8,900	9,607	-0-	66	12,470	16	12,455
Children's Trust	907	2,679	2,777	13,146	11	13,944	37	13,907
State Casino Gaming	(5,506)	19,156	8,296	-0-	6,182	(828)	90	(919)
Homeowner Construction Lien Recovery	3,476	643	1,029	-0-	43	3,047	4	3,043
Michigan Nongame Fish and Wildlife	4,911	883	1,192	2,400	4	6,998	23	6,975
Michigan Merit Award	-0-	109,769	5,883	-0-	-0-	103,885	3,829	100,057
Tobacco Settlement	-0-	256,634	22,826	-0-	50,000	183,808	37	183,771
Michigan Underground Storage Tank Financial Assurance (MUSTFA)	6,380	59,742	7,894	4,000	58,017	4,211	31	4,180
State Building Authority Advance Financing	(35,818)	379,322	387,213	21,521	7	(22,195)	820	(23,014)
Michigan Strategic	-0-	117,262	103,169	331,700	166,366	179,427	212	179,215
Total Special Revenue	\$ 1,102,421	\$ 4,201,401	\$ 3,664,719	\$ 1,482,641	\$ 1,422,172	\$ 1,699,572	\$ 31,676	\$ 1,667,896

# Table 4



Continued... (In Thousands of Dollars)

Fund	Cash Balances 10-1-99	Receipts (a)	Disburse- ments (b)	Transfers In	Transfers Out	Cash Balances 9-30-00	Warrants Outstanding	Available Balances 9-30-00
<b>BOND, DEBT SERVICE AND CAPITAL PROJECTS</b>								
Recreation Bond - Local Projects	\$ 5,696	\$ 33	\$ 1,684	\$ -0-	\$ 2	\$ 4,044	\$ -0-	\$ 4,044
Clean Michigan Initiative - Local Projects	(38)	154	208	-0-	-0-	(92)	-0-	(92)
Clean Michigan Initiative - Environmental Projects	(15,248)	85,714	7,999	-0-	-0-	62,467	260	62,207
Environmental Protection Bond	41,680	1,495	33,752	-0-	7,031	2,392	706	1,686
School Bond Loan	50,379	44,813	64,319	-0-	-0-	30,873	-0-	30,873
1989 State Trunkline Bond Proceeds	326	135	806	3,378	756	2,277	25	2,253
1992 State Trunkline Bond Proceeds	9,712	21,901	18,494	34	7	13,147	312	12,835
1992 State Trunkline Critical Bridge Bond Proceeds	1,303	67	-0-	-0-	1,123	247	-0-	247
1992 Comprehensive Transportation Bond Proceeds	12,120	730	1,151	-0-	3	11,696	-0-	11,696
1994 State Trunkline Bond Proceeds	316	12,583	8,610	8	3	4,295	235	4,060
1996 State Trunkline Bond Proceeds	3,626	9	3,629	-0-	6	-0-	-0-	-0-
Combined State Trunkline Bond and Interest Redemption	-0-	-0-	47,209	47,209	-0-	-0-	-0-	-0-
Combined Comprehensive Transportation Bond and Interest Redemption	-0-	1	21,208	21,208	1	-0-	-0-	-0-
MUSTFA Finance Authority Debt Service	3,803	7,759	58,397	57,767	4,001	6,930	-0-	6,930
Recreation and Environmental Protection Bond Redemption	45	-0-	62,903	62,863	-0-	6	-0-	6
School Loan Bond Redemption	-0-	-0-	22,750	22,755	-0-	5	-0-	5
Clean Michigan Initiative - State Projects	(183)	16,230	3,472	-0-	-0-	12,575	15	12,560
Recreation Bond - State Projects	4,268	134	337	-0-	2	4,063	-0-	4,063
Total Bond, Debt Service and Capital Projects	\$ 117,806	\$ 191,758	\$ 356,928	\$ 215,223	\$ 12,934	\$ 154,925	\$ 1,552	\$ 153,373
<b>ENTERPRISE</b>								
Liquor Purchasing Revolving	\$ 49,276	\$ 586,384	\$ 451,685	\$ -0-	\$ 127,369	\$ 56,605	\$ 2,366	\$ 54,239
State Lottery	30,796	1,395,831	792,891	-0-	626,515	7,221	1,377	5,844
Michigan Higher Education Assistance Authority	-0-	1,431	1,431	-0-	-0-	-0-	-0-	-0-
Michigan State Housing Development Authority	-0-	75,194	75,194	-0-	-0-	-0-	335	(335)
State Water Pollution Control Loan	30,024	141,664	170,671	17,354	-0-	18,371	-0-	18,371
Total Enterprise	\$ 110,096	\$ 2,200,504	\$ 1,491,872	\$ 17,354	\$ 753,885	\$ 82,197	\$ 4,078	\$ 78,120
<b>INTERNAL</b>								
Correctional Industries Revolving	\$ 1,363	\$ 42,456	\$ 38,264	\$ -0-	\$ 257	\$ 5,298	\$ 605	\$ 4,693
Motor Transport Revolving	(8,870)	62,613	64,024	-0-	24	(10,305)	6	(10,310)
Office Services Revolving	(4,453)	60,276	60,351	-0-	36	(4,564)	439	(5,003)
Information Technology Internal Service	(22,540)	116,435	100,746	-0-	-0-	(6,851)	719	(7,570)
Risk Management	9,711	47,253	42,519	-0-	-0-	14,445	4,807	9,638
State Sponsored Group Insurance	97,640	695,859	697,084	-0-	-0-	96,415	1,433	94,982
Total Internal	\$ 72,852	\$ 1,024,891	\$ 1,002,987	\$ -0-	\$ 317	\$ 94,439	\$ 8,008	\$ 86,430
<b>RETIREMENT</b>								
Legislative	\$ 2,026	\$ 139,898	\$ 135,900	\$ -0-	\$ -0-	\$ 6,024	\$ 31	\$ 5,993
State Police	5,120	750,517	751,249	-0-	-0-	4,388	131	4,257
State Employees'	59,492	6,543,728	6,538,167	-0-	-0-	65,053	1,777	63,276
Public School Employees'	85,790	30,064,653	30,066,131	-0-	-0-	84,312	5,994	78,318
Judges'	3,355	639,540	608,438	-0-	-0-	34,458	57	34,401
Total Retirement	\$ 155,783	\$ 38,138,336	\$ 38,099,884	\$ -0-	\$ -0-	\$ 194,235	\$ 7,989	\$ 186,246

# Table 4



## Concluded... (In Thousands of Dollars)

Fund	Cash Balances 10-1-99	Receipts (a)	Disburse- ments (b)	Transfers In	Transfers Out	Cash Balances 9-30-00	Warrants Outstanding	Available Balances 9-30-00
<b>TRUST AND AGENCY</b>								
Michigan Employment Security Act Contingent	\$ 82,128	\$ 18,660	\$ -0-	\$ -0-	\$ 17,892	\$ 82,896	\$ -0-	\$ 82,896
Vietnam Veterans' Memorial Monument	261	730	14	-0-	-0-	976	-0-	976
Bankrupt Self-Insured Corporations' Workers' Disability Fund #13	406	34	-0-	-0-	-0-	440	-0-	440
Bankrupt Self-Insured Corporations' Workers' Disability Fund #11	-0-	647	361	-0-	-0-	287	-0-	287
Bankrupt Self-Insured Corporations' Workers' Disability Fund #12	455	29	-0-	-0-	1	483	-0-	483
Metropolitan Planning	119	(79)	40	-0-	-0-	-0-	-0-	-0-
Children's Institute Trust	106	7	-0-	-0-	7	105	-0-	105
Abandoned and Unclaimed Property (Escheats)	23,884	41,321	(127)	155	43,940	21,548	1,395	20,153
Gifts, Bequests and Deposits Investment	26,651	85,873	74,099	-0-	7,245	31,180	805	30,375
Silicosis, Dust Disease, and Logging Industry Compensation	8,857	700	3,727	-0-	6	5,825	181	5,645
Assigned Claims Plan	681	25,705	25,355	-0-	680	352	9	342
Agricultural College Fund - Morrill Act	1,059	-0-	-0-	-0-	-0-	1,059	-0-	1,059
Second Injury	28,255	15,415	27,435	-0-	16	16,219	964	15,255
Hospital Patients' Trust	592	3,351	3,135	-0-	-0-	808	33	776
Federal Housing Administration Mortgages Escrow	1,102	759	758	-0-	-0-	1,103	-0-	1,103
Self-Insurers' Security	3,607	3,091	4,063	219	4	2,851	31	2,819
State Employees' Deferred Comp. I (457)	1	55,692	55,693	-0-	-0-	-0-	-0-	-0-
State Employees' Deferred Comp. II (401(k))	-0-	105,964	105,964	-0-	-0-	-0-	-0-	-0-
Bankrupt Self-Insured Corporations' Workers' Disability Fund #6	101	(58)	43	-0-	-0-	-0-	-0-	-0-
State Employees' Defined Contribution Plan	-0-	42,236	42,236	-0-	-0-	-0-	-0-	-0-
Special Assessment Deferment	405	287	186	-0-	-0-	506	11	495
Workers' Disability Compensation Multiple Trust Funds	131	-0-	-0-	-0-	131	-0-	-0-	-0-
Environmental Quality Deposits	3,371	268	1,200	-0-	-0-	2,440	-0-	2,440
Insurance Carrier Deposits	1,531	50,383	49,335	-0-	-0-	2,579	4	2,575
Urban Land Assembly	4,358	131	4,488	-0-	1	-0-	-0-	-0-
Utility Consumer Representation	1,384	815	617	-0-	1	1,582	-0-	1,582
Bankrupt Self-Insured Corporations' Workers' Disability Fund #1	634	98	227	-0-	-0-	505	-0-	505
Bankrupt Self-Insured Corporations' Workers' Disability Fund #5	88	-0-	-0-	-0-	88	-0-	-0-	-0-
Bankrupt Self-Insured Corporations' Workers' Disability Fund #2	-0-	55	1	-0-	-0-	54	-0-	54
Transportation Related	4,410	199,148	217,932	11,216	187	(3,345)	3,413	(6,758)
State Treasurer's Escrow and Paying Agent	1	44	45	-0-	-0-	-0-	-0-	-0-
<b>Total Trust and Agency</b>	<b>\$ 194,581</b>	<b>\$ 651,308</b>	<b>\$ 616,829</b>	<b>\$ 11,590</b>	<b>\$ 70,199</b>	<b>\$ 170,452</b>	<b>\$ 6,845</b>	<b>\$ 163,606</b>
<b>GRAND TOTALS</b>	<b>\$4,192,382</b>	<b>\$80,853,698</b>	<b>\$79,602,792</b>	<b>\$4,224,349</b>	<b>\$4,224,349</b>	<b>\$5,443,289</b>	<b>\$211,584</b>	<b>\$5,231,705</b>

(a) Receipts include \$30,861.05 million of securities sold and matured.

(b) Disbursements include \$32,189.05 million of securities purchased.

# Table 5



## Demand Depositories as of September 30, 2000 (In Thousands of Dollars)

City	Depository Bank	Deposits <sup>(a)</sup>	City	Depository Bank	Deposits <sup>(a)</sup>
Adrian	Mid Am	\$ 249	Ishpeming	Peninsula Bank	\$ 59
	Bank of Lenawee	111	Ithaca	Commercial National Bank	7
Alma	Bank of Alma	145	Kalamazoo	National City Bank	3,746
Bad Axe	Signature Bank	53	L'Anse	Commercial National Bank	33
Baldwin	Lake Osceola State Bank	134	Lansing	Michigan National Bank-Credit Card	145
Bay City	Chemical Bank Bay Area	72		Michigan National Bank-Main Acct.	4,366
Benton Harbor	Shoreline Bank	234		Michigan National Bank-EFT	3,227
Beulah	Central State Bank	12		Michigan National Bank-DNR EFT	530
Big Rapids	Chemical Bank - Central	19	Lapeer	Lapeer County Bank and Trust	74
Cadillac	Chemical Bank - West	29	Manistique	North Country Bank	89
Caro	Chemical Bank - Thumb Area	52		State Savings Bank	19
	Independent Bank - East Michigan	5	Marquette	Wells Fargo Bank, Michigan	270
Cheboygan	Citizens National Bank	57	Marshall	Chemical Bank South	76
Chelsea	Chelsea State Bank	53	Mason	Mason State Bank	263
Clare	Chemical Bank Michigan	63	Menominee	Wells Fargo Bank, Michigan	3
Coldwater	Century Bank and Trust	98	Midland	Chemical Bank and Trust	115
	Southern Michigan National Bank	57	Monroe	Monroe Bank and Trust	309
Croswell	Eastern Michigan Bank	17	Mt. Pleasant	Isabella Bank and Trust	47
Crystal Falls	First National Bank	79	Munising	Peoples State Bank of Munising	30
Detroit	Bank One-Income Tax	20,642	Newberry	Tahquamenon Area Credit Union	20
	Bank One-Main Acct.	113,318	Norway	First National Bank	27
	Comerica Bank - Detroit	3,006	Ontonagon	Citizens State Bank	15
	First Independence National Bank	200	Owosso	Chemical Bank - Key State	111
East Pointe	First State Bank	177	Port Austin	Port Austin State Bank	5
East Tawas	Huron Community Bank	70	Rockford	Independent Bank - West Michigan	73
Escanaba	Northern Michigan National Bank	8	St. Charles	Community State Bank	54
	State Bank of Escanaba	85	St. Ignace	First National Bank	66
	Wells Fargo Bank, Michigan	33	St. Joseph	Fifth Third Bank	31
Fenton	The State Savings Bank	102	Sault Ste. Marie	Central Savings Bank	8
Flint	Citizens Banking Corporation	1,778		Soo Co-Op Credit Union	4
Gladstone	Bay Bank	3	Shelby	Shelby State Bank	39
	First Bank Upper Michigan	15	Sparta	Choice One	64
Grand Rapids	Old Kent Bank	2,174	Stanton	Chemical Bank - Montcalm	125
Grayling	Chemical Bank North	64	Stockbridge	Stockbridge State Bank	3
Hancock	Superior National Bank and Trust	115	Three Rivers	First National Bank	44
Hastings	National Bank of Hastings	110	Wakefield	First National Bank	43
Hillsdale	Hillsdale County National Bank	54	West Branch	Bank of West Branch	17
Houghton	Wells Fargo Bank, Michigan	2	Zeeland	Huntington National Bank	1,109
Ionia	Independent Bank	114			
	Ionia County National Bank	61			
Iron Mountain	First National Bank of Iron Mountain	36			
Iron River	Wells Fargo Bank, Michigan	10			
			Total		\$ 158,986

(a) Deposits represent the account balance reported on bank statements and include deposits which are in the process of being collected through the banking system. Deposits are rounded to the nearest thousand and are secured by \$366 million of collateral.

# Bonds and Notes

The Michigan Constitution limits State general obligation debt to (1) short-term debt for State operating purposes, (2) short- and long-term debt for the purpose of making loans to school districts, and (3) long-term debt for voter-approved purposes.

Short-term debt for operating purposes is limited to an amount not in excess of 15 percent of undedicated revenues received during the preceding fiscal year. Under the Michigan Constitution as implemented by statutory provisions, such debt must be authorized by the State Administrative Board and issued only to meet obligations incurred pursuant to appropriation and must be repaid during the fiscal year in which it was incurred. Such debt does not require voter approval.

The amount of debt incurred by the State for the purpose of making loans to school districts is recommended by the State Treasurer, who certifies the amounts necessary for loans to school districts for the ensuing two calendar years. The bonds may be issued in whatever amount is required without voter approval. All other general obligation bonds issued by the State must be approved as to amount, purpose, and method of payment by a two-thirds vote of each house of the Legislature and by a majority vote of the public at a general election.

There is no limitation as to number or size of such general obligation issues.

## General Obligation Debt

All current general obligation bond and note issues are presented in Table 6, *General Obligation Debt, Bond and Note Payments*, below. During fiscal 2000, the State issued \$96.9 million of Clean Michigan Initiative long-term debt and \$44.5 million in School Bond Loan Program short-term debt.

## Special Authority Revenue Bond Debt

Certain governmental authorities issue revenue bonds for construction projects and to acquire or build facilities for the State or its institutions of higher learning. These bonds, as shown in Table 7, *Special Authority Revenue Bond Debt*, are obligations of the individual authorities and are not direct general obligations of the State.

## Special Revenue Debt

The State periodically issues long-term bonds for specific purposes, as presented in Table 11, *Special Revenue Debt, Bond and Note Payments*, on page 24. These issues are not supported by the State's general credit, and their financing comes strictly from the designated revenue sources.



## Table 6

### General Obligation Debt, Bond and Note Payments (In Thousands of Dollars)

Item		Issue Date	Maturity Dates	New Issues	Principal Payments	Interest Payments*	Outstanding Principal as of 9-30-00
School Loan Notes and Bonds (a)	Series 1995	1995	1996-2015	\$ -0-	\$ 6,280	\$ 8,742	\$156,370
	Series 1998	1998	2000-2017	-0-	-0-	7,728	160,000
	Series 2000	2000	2001	44,500	-0-	-0-	44,500
Environmental Protection (b)	Series 1989 (c)	1989	1994-2019	-0-	7,949	1,850	13,397
	Series 1992 (d)	1992	2005-2012	-0-	5,966	8,696	97,039
	Water Pollution 1992	1992	1994-2012	-0-	675	645	10,090
	Water Pollution 1993	1993	1995-2013	-0-	670	689	13,450
	Series 1995	1995	1996-2019	-0-	-0-	9,984	204,321
	Series 1998	1998	1998-2017	-0-	2,940	4,167	83,355
Recreation (e)	Series 1992	1992	1993-2004	-0-	11,535	2,854	43,110
	Series 1995	1995	1996-2019	-0-	-0-	1,269	22,231
Clean Michigan Initiative (f)	Series 1999A	1999	2003-2019	81,765	-0-	2,391	81,765
	Series 1999B	1999	2000-2002	15,095	-0-	543	15,095
Total General Obligation Debt				\$141,360	\$36,015	\$49,558	\$944,723

\*Interest payments do not include premium.

- (a) Article Nine of the Constitution of the State of Michigan provides that the State may borrow from time to time such amounts as shall be required for the purpose of making loans to school districts. General Obligation debt is issued as needed.
- (b) P.A. 328 of 1988 provided for the issuance of \$660 million General Obligation Bonds, of which \$173.4 million in authorization remains.
- (c) \$23.2 million was advance refunded in June 1995 through General Obligation Bonds, Series 1995. As of September 30, 2000, \$20.7 million of principal has been paid out leaving an escrow principal liability of \$2.5 million. Interest paid for fiscal year 2000 was \$3.2 million.
- (d) \$43.8 million was advance refunded in June 1995 through General Obligation Bonds, Series 1995. As of September 30, 2000, no principal was paid out leaving an escrow principal liability of \$43.8 million. Interest paid for fiscal year 2000 was \$2.7 million.
- (e) P.A. 329 of 1988 provided for the issuance of \$140 million General Obligation Bonds, all of which have been issued.
- (f) P.A. 284 of 1998 and P.A. 451 of 1994, as amended, provided for the issuance of \$675 million General Obligation Bonds, of which \$578 million in authorization remains.



# Table 7



## Special Authority Revenue Bond Debt (In Thousands of Dollars)

Item	New Issues	Principal Payments	Interest Payments	Outstanding Principal As of 9-30-00
Special Authority Revenue Bond Debt (a)				
International Bridge Authority	\$ -0-	\$ 1,818	\$ 79	\$ -0-
Mackinac Island State Park Commission	-0-	175	87	2,805 *
Michigan State Housing Development Authority (b)	242,214	210,434	113,532	2,058,321
Michigan State Hospital Finance Authority (c)	1,362,832	213,238	286,365	3,735,500 *
Michigan Higher Education Facilities Authority	28,175	11,610	13,626	228,845
Michigan Higher Education Student Loan Authority	95,685	42,450	41,938	835,595
Michigan Municipal Bond Authority	811,630	520,777	112,282	2,555,130
Michigan State Building Authority (d)	134,275	124,075	100,305	1,957,803 *
Michigan Strategic Fund	511,651	200,865	N/A	2,322,470 *
Michigan Underground Storage Tank Financial Assurance Authority (e)	-0-	13,670	10,168	166,870
Michigan Family Farm Development Authority	-0-	95	N/A	410
<b>Total Special Authority Revenue Bond Debt</b>	<b>\$ 3,186,462</b>	<b>\$ 1,339,207</b>	<b>\$ 678,382</b>	<b>\$ 13,863,749</b>

\* All or part of the principal amount not presented, and not represented in the totals due to the advance refunding of all or part of this obligation.

- (a) Information for this table is provided by each special Authority.
- (b) The new issues include \$241.2 million of new bond issues plus \$1.0 million of capital appreciation for the fiscal year.
- (c) Balance includes \$3,582.4 million in bonds and \$153.0 million in Hospital Equipment Loan Program notes (HELP). Balance does not include MSHFA obligations that have been advance refunded. In FY 2000, net escrow payment activity was \$311.5 million, leaving an escrowed principal liability as of September 30, 2000 of \$1,124.5 million.
- (d) Balance includes accreted value at year-end on outstanding Capital Appreciation Bonds. Balance does not include \$1,494.3 million in SBA obligations that have been advance refunded. In FY 2000, \$110.7 million in principal was paid out of escrow, leaving an escrowed principal liability as of September 30, 2000 of \$501.2 million. Also, outstanding principal balance does not include commercial paper notes issued by the Authority. As of September 30, 2000, \$348.1 million of commercial paper notes was outstanding.
- (e) Outstanding principal balance does not include notes issued under the Authority's tax-exempt commercial paper program during fiscal years 1995-2000. As of September 30, 2000, there are no notes outstanding.

# Table 8



## General Obligation Bond Payment Schedule (In Thousands of Dollars)

For Period Ended September 30	Principal	Interest	Total
2001	\$ 42,392	\$ 49,108	\$ 91,500
2002	44,321	47,299	91,620
2003	46,786	45,140	91,926
2004	46,121	43,198	89,319
2005	48,123	41,057	89,180
2006	50,458	37,392	87,850
2007	48,690	37,346	86,036
2008	52,339	33,604	85,943
2009	51,997	33,894	85,891
2010	53,624	31,573	85,197
2011	59,986	24,523	84,509
2012	59,501	24,514	84,015
2013	61,975	14,278	76,253
2014	42,160	11,404	53,564
2015	43,435	9,103	52,538
2016	46,140	6,686	52,826
2017	33,490	4,560	38,050
2018	35,215	2,761	37,976
2019	16,270	1,391	17,661
2020	17,200	472	17,672
Total (a)	\$ 900,223	\$ 499,303	\$ 1,399,526

(a) Does not include \$44.5 million in General Obligation school loan notes issued on April 24, 2000, and maturing on April 23, 2001.

# Table 9



## Bonds and Notes Payable by Fiscal Year (In Thousands of Dollars)

Item	Outstanding on September 30				
	1996	1997	1998	1999	2000
<b>GENERAL OBLIGATION DEBT</b>					
School Loans	\$180,000	\$174,445	\$328,670	\$322,650	\$360,870
Water Resources	14,000	9,000	4,000	-0-	-0-
Environmental Protection	377,823	368,914	450,727	439,851	421,652 *
Recreation	113,160	102,825	90,675	76,876	65,341
Clean Michigan Initiative					96,860
<b>Total General Obligation Debt</b>	<b>\$684,983</b>	<b>\$655,184</b>	<b>\$874,072</b>	<b>\$839,377</b>	<b>\$944,723</b>
<b>NON-GENERAL OBLIGATION DEBT</b>					
Michigan Department of Transportation Tax Dedicated Bonds	\$ 854,196	\$ 873,701	\$ 866,018	\$ 827,870	\$ 801,829 *
<b>Special Authorities-Revenue Bonds and Notes</b>					
International Bridge Authority	5,905	3,380	2,805	1,818	-0-
Mackinac Island State Park Commission	2,520	2,360	2,200	2,980	2,805 *
Michigan State Housing Development Authority	1,987,286	2,068,424	2,088,563	2,026,541	2,058,321
Michigan State Hospital Finance Authority	2,777,024	2,887,783	3,586,525	3,569,311	3,735,500 *
Michigan Higher Education Facilities Authority	179,135	174,745	218,190	220,395	228,845 *
Michigan Higher Education Student Loan Authority	625,424	672,949	817,425	782,360	835,595
Michigan Municipal Bond Authority	1,368,035	1,591,875	1,685,997	2,243,566	2,555,130
Michigan State Building Authority (a)	1,478,896	1,616,717	1,996,787	1,945,086	1,957,803 *
Michigan Strategic Fund	1,991,591	2,088,621	2,182,659	2,011,684	2,322,470 *
Michigan Underground Storage Tank Financial Assurance Authority	216,600	205,950	193,555	180,540	166,870
Michigan Family Farm Development Authority	1,659	1,108	1,008	505	410
<b>Total Non-General Obligation Debt</b>	<b>\$11,488,271</b>	<b>\$12,187,613</b>	<b>\$13,641,732</b>	<b>\$13,812,656</b>	<b>\$14,665,578</b>

\* All or part of the principal amount not presented, and not represented in the totals due to the advance refunding of all or part of this obligation.

# Table 10



## Local Government Unit Bonds and Notes (In Thousands of Dollars)

Item (a)	1996		1997		1998		1999		2000	
	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount
<b>SCHOOLS</b>										
Notes and Lines of Credit	248	\$ 342,006	283	\$ 465,788	273	\$ 550,839	230	\$ 442,489	242	\$ 609,060
Bonds	152	2,332,328	139	1,974,489	150	2,763,400	165	2,643,085	87	1,344,041
Community College Bonds and Notes	5	49,325	6	31,765	9	86,430	5	46,410	6	80,600
Energy Conservation Bonds and Notes	25	23,122	8	15,535	12	15,129	10	34,394	11	12,679
Other (b)	29	735	38	-0-	19	-0-	28	-0-	22	-0-
<b>Totals</b>	<b>459</b>	<b>\$ 2,747,516</b>	<b>474</b>	<b>\$ 2,487,577</b>	<b>463</b>	<b>\$ 3,415,798</b>	<b>438</b>	<b>\$ 3,166,378</b>	<b>368</b>	<b>\$ 2,046,380</b>
<b>MUNICIPALITIES</b>										
Tax Notes	60	\$ 329,668	54	\$ 286,127	50	\$ 295,410	50	\$ 281,734	45	\$ 342,370
Special Assessment Bonds	58	47,593	50	43,023	58	53,457	67	59,695	64	92,587
General Obligation Bonds	132	661,916	165	783,997	172	1,107,572	175	803,734	130	567,445
Revenue Bonds	95	2,020,019 (c)	72	1,307,247 (d)	125	2,582,019 (e)	110	806,485 (f)	75	1,482,011 (g)
Drain Bonds (Act 40)	15	27,275	19	30,082	19	27,852	19	40,900	26	95,959
Transportation Fund Bonds (Act 51)	-0-	-0-	1	1,150	8	130,380	8	45,280	2	13,190
Transportation Fund Notes (Act 143)	5	2,710	3	2,155	3	6,150	6	16,895	6	6,250
Transportation Fund Bonds (Act 175)	18	25,658	18	19,895	19	33,985	17	23,084	18	43,105
Water and Sewer Bonds (Act 185)	31	112,790	33	320,522	35	88,023	40	139,515	17	58,864
Water and Sewer Bonds (Act 342)	12	55,688	11	22,492	-0-	-0-	14	55,765	9	28,610
Michigan and Michigan Authority (Bonds)	28	2,663,500	20	1,416,025	25	2,262,500	32	2,769,895	30	1,133,435
Michigan and Michigan Authority (Notes)	1	300,000	4	1,850,000	2	1,595,000	1	75,000	4	1,188,000
Miscellaneous Bonds and Notes	18	557,968	37	28,450	34	379,680	33	32,737	18	21,622
Other (b)	3	341	1	-0-	7	-0-	3	-0-	8	-0-
<b>Totals</b>	<b>476</b>	<b>\$ 6,805,126</b>	<b>488</b>	<b>\$ 6,111,165</b>	<b>557</b>	<b>\$ 8,562,028</b>	<b>575</b>	<b>\$ 5,150,719</b>	<b>452</b>	<b>\$ 5,073,447</b>
<b>GRAND TOTAL</b>	<b>935</b>	<b>\$ 9,552,642</b>	<b>962</b>	<b>\$ 8,598,742</b>	<b>1,020</b>	<b>\$ 11,977,826</b>	<b>1,013</b>	<b>\$ 8,317,097</b>	<b>820 (h)</b>	<b>\$ 7,119,827</b>

(a) Figures reflect approvals granted as of September 30 of the respective year. Approved issues may or may not have been sold by the unit of local government.

(b) Includes transfer of debt service funds remaining after final maturity of original debt; use of excess bond proceeds and derivative products.

(c) Includes 1 issue of Industrial Revenue Bonds.

(d) Includes no issues of Industrial Revenue Bonds.

(e) Includes 2 issues of Industrial Revenue Bonds.

(f) Includes 3 issues of Industrial Revenue Bonds.

(g) Includes 3 issues of Industrial Revenue Bonds.

(h) Includes 89 Prior Approval Orders and 731 Exception From Prior Approval Orders issued.

# Table 11



## Special Revenue Debt, Bond and Note Payments (In Thousands of Dollars)

						Outstanding Principal as of 9-30-00	
Item		Issue Date	Maturity Dates	Amount issued	Principal Payments	Interest Payments	
Michigan Department of Transportation Tax Dedicated Bonds Michigan Comprehensive Transportation							
	Series 1985	1985	2011	\$57,830	\$ 400	\$ 1,260	\$ -0- *
	RF. SR. 1988-I	1988	2009	73,155	-0-	-0-	-0- *
	Series 1992-A	1992	2022	37,655	775	1,653	29,015 *
	RF. SR. 1992-B	1992	2011	127,310	7,045	6,889	113,395
	RF. SR. 1996-A	1996	2014	22,650	75	1,207	22,435
	RF. SR. 1998-A	1998	2010	38,640	-0-	1,901	38,640
State Trunkline Fund							
	Series 1989-A	1989	2019	135,780	-0-	-0-	11,195 *
	Series 1992-A	1992	2021	253,618	6,765	4,901	115,658 *
	RF. SR. 1992-B I & II	1992	2021	99,592	2,675	2,043	40,136 *
	Series 1994-A	1994	2024	150,000	2,525	1,427	25,780 *
	RF. SR. 1994-B	1994	2002	90,990	4,995	957	16,565
	SR. 1996-A	1996	2026	54,500	785	680	11,120 *
	RF. SR. 1998-A	1998	2026	377,890	-0-	19,455	377,890
Total Special Revenue Debt					\$26,040	\$42,373	\$801,829

\* All or part of the principal amount not presented and not represented in the totals due to the advance refunding of all or part of this obligation. The table below summarizes the advance refunding activity by issue.

Series	Advanced From Series	Refunded Series	Amount Refunded	FY 00 Paid From Escrow Principal	Interest	FY 00 Escrow Balance
Comprehensive Transportation: 1985 1992-A	1988-II & 1992-B 1996-A		\$ 27,176 5,305	\$6,091 -0-	\$21,405 299	\$ -0- 5,100
Trunkline Transportation: 1989-A 1992-A 1992-B I & II 1994-A 1996-A	1992-B, 1994-B & 1998-A 1998-A 1998-A 1998-A 1998-A		111,245 131,195 56,780 112,815 41,170	-0- -0- -0- -0- -0-	-0- 7,241 3,171 6,443 2,297	-0- 131,195 56,780 112,815 41,170
<b>Totals</b>				<b>\$6,091</b>	<b>\$40,856</b>	<b>\$347,060</b>

# State Tax Collections

State taxes and fees totalling \$21,348,095,000 were collected during fiscal year 2000, which is an increase of 3.0 percent over the previous year.

During fiscal year 2000 a number of changes were enacted to tax rates including reducing individual income tax and single business tax rates.

Major tax collections for fiscal year 2000 and the previous four years are detailed in Table 12, *Taxes and Fees Collected on a Cash Basis*, below.

Table 13, *Michigan State Taxes*, identifies all Michigan taxes and gives administrative information about each.



## Table 12

### Taxes and Fees Collected on a Cash Basis (In Thousands of Dollars)

Type of Revenue	10-1-95 to 9-30-96	10-1-96 to 9-30-97	10-1-97 to 9-30-98	10-1-98 to 9-30-99	10-1-99 to 9-30-00
<b>Income Tax:</b>					
Withholding Tax	\$ 5,461,771	\$ 5,755,797	\$ 6,096,765	\$ 6,480,945	\$ 6,715,569
Individual Income Tax	387,202	521,535	644,122	713,640	778,805
Individual Income Tax Estimates	528,312	605,749	651,597	839,077	866,548
Individual Income Tax Penalty and Interest	24,504	23,101	23,816	22,860	22,489
Gross Individual Income Tax Collections	6,401,789	6,906,182	7,416,300	8,056,522	8,383,411
Tax Refunds and Tax Credits (a)	(1,036,053)	(971,517)	(1,019,217)	(1,117,551)	(1,136,887)
<b>Net Individual Income Tax</b>	<b>\$ 5,365,736</b>	<b>\$ 5,934,665</b>	<b>\$ 6,397,083</b>	<b>\$ 6,938,970</b>	<b>\$ 7,246,524</b>
Single Business Tax	\$ 2,263,546	\$ 2,369,332	\$ 2,500,815	\$ 2,605,948	\$ 2,520,405
Single Business Tax Penalty and Interest	40,844	59,266	47,042	47,898	61,126
Gross Single Business Tax	2,304,390	2,428,598	2,547,857	2,653,846	2,581,531
Tax Refunds	(140,677)	(158,936)	(174,610)	(232,854)	(217,096)
<b>Net Single Business Tax</b>	<b>\$ 2,163,713</b>	<b>\$ 2,269,662</b>	<b>\$ 2,373,247</b>	<b>\$ 2,420,992</b>	<b>\$ 2,364,435</b>
<b>Motor Fuel Taxes</b>	<b>\$ 775,414</b>	<b>\$ 807,235</b>	<b>\$ 1,028,851</b>	<b>\$ 1,066,743</b>	<b>\$ 1,081,026</b>
Sales Tax	5,189,633	5,375,659	5,565,908	5,918,067	6,240,769
Use Tax	1,033,921	1,095,817	1,151,208	1,293,931	1,327,630
Sales, Use, Withholding Penalty and Interest	70,237	60,787	56,980	62,582	57,567
Tobacco Products Tax	573,185	534,359	546,718	599,440	592,124
Non-Cigarette Tobacco Products Tax	10,917	11,486	12,631	14,284	15,607
Intangibles Tax	69,571	77,408	44,776	810	1,075
Inheritance Tax (b)	3,960	1,085	842	(293)	405
Estate Tax (b)	84,210	78,390	99,775	175,275	163,245
Utility Property Tax	137,748	147,673	101,847	214,286	156,666
Gas and Oil Severance Tax	36,296	39,681	33,327	23,924	40,804
Gas and Oil Privilege Fee	6,377	7,069	6,159	5,219	6,460
Industrial/Commercial Facilities Tax	127,643	114,800	123,343	136,043	144,878
Convention Facility Tax	13,370	13,948	15,486	16,593	18,239
Underground Regulatory Fee	57,491	58,030	57,259	58,776	59,567
Insurance-Retaliatory Tax	205,694	200,597	138,834	191,702	155,191
State Education Tax	1,088,314	1,129,777	1,237,065	1,245,055	1,337,391
Real Estate Transfer Tax	156,824	186,656	224,405	253,813	250,663
Commercial Mobile Radio Service Tax	-0-	-0-	-0-	-0-	12,303
Airport Parking Tax	12,067	12,645	13,735	14,677	16,804
State Housing Development Service Fee	6,605	6,232	6,054	9,933	5,864
Other Taxes and Fees (c)	22,769	68,988	45,840	64,974	52,858
<b>TOTAL</b>	<b>\$ 17,211,695</b>	<b>\$ 18,232,649</b>	<b>\$ 19,281,373</b>	<b>\$ 20,722,795</b>	<b>\$ 21,348,095</b>

(a) Home heating credits subsequently reimbursed by the Federal Government are as follows: FY 1996 \$4.5 million, FY 1997 \$5.4 million, FY 1998 \$6.2 million, FY 1999 \$6.2 million and FY 2000 \$8.1 million. Home heating drafts funded by the Federal Government are not included in the reported Tax Refunds and Tax Credits. Federally funded home heating drafts were \$24.6 million in FY 1996, \$34.6 million in FY 1997, \$33.9 million in FY 1998, \$31 million in FY 1999 and \$35.5 million in FY 2000. A transfer related to Temporary Assistance to Needy Families (TANF) reduced income tax refunds by \$27 million in FY 2000.

(b) Public Act 54 of 1993 replaced the Inheritance Tax for dates of death after September 30, 1993 with the Estate Tax

(c) Includes Circuit Court, Probate Court and District Court Fees, Unclaimed Personal Property, Commercial Forest Tax and Trailer Coach Parks Tax

# Table 13



## Michigan State Taxes (In Thousands of Dollars)

Tax Source	Year Adopted	Department Administered by	Payment Deadline	Net Cash Receipts 10-1-99 to 9-30-00	Disposition
Aircraft Registration	1923	Transportation	August 1	\$ 299	State Aeronautics Fund
Airport Parking	1987	TREASURY	15th of each month	16,804	Local Units
Aviation Fuel	1929	TREASURY	20th of each month	7,888	State Aeronautics Fund
Beer and Wine Excise	1933	Consumer & Industry Services	Monthly reports and/or stamps	50,317	General Fund
Tobacco Products	1947	TREASURY	20th of each month	592,124	63.4% to School Aid Fund, 25.3% to General Fund, 11.3% to Local Units
Non-Cigarette Tobacco Products	1994	TREASURY	20th of each month	15,607	94% to School Aid Fund, 6% to Local Units
Commercial Facilities	1978	TREASURY	December 1	65	Local Units and School Aid Fund
Commercial Mobile Radio Services	1999	TREASURY	Last day of Feb., April, July and Oct.	12,303	Commercial Radio Suppliers and Counties
Convention Facility Development	1985	TREASURY	15th of each month	18,239	Debt Service for Cobo Hall Expansion
Corporate Organization	1891	Consumer & Industry Services	At time of incorporation, admission or increase in stock	13,252	General Fund
Diesel Fuel	1947	TREASURY	20th of each month	86,977	Michigan Transportation Fund
Diesel Fuel Dealer License	1951	TREASURY	January 1	20	Michigan Transportation Fund
Estate	1994	TREASURY	Within 105 days after death, except contingent transfers-due at vesting	163,245	General Fund
Gas and Oil Privilege Fee	1973	TREASURY	25th of each month	6,460	General Fund
Gas and Oil Severance	1929	TREASURY	25th of each month	40,804	General Fund
Gasoline	1925	TREASURY	20th of each month	930,739	Michigan Transportation Fund
Horse Race Wagering	1933	Agriculture	At end of each day's racing	13,432	Agriculture Equine Industry Development Fund
Individual Income	1967	TREASURY	April 15	7,246,524	General Fund with 23% of gross to School Aid Fund
Industrial Facilities	1974	TREASURY	December 1	144,813	Local Units and School Aid Fund
Inheritance	1899	TREASURY	Within 105 days after death, except contingent transfers-due at vesting	405	General Fund
Insurance Company Retaliatory	1987	TREASURY	Last day of April, July, Oct. and Jan.	155,191	General Fund
Intangibles	1939	TREASURY	April 30, or last day of 4th month after end of taxpayer's tax year	1,075	General Fund
Liquified Petroleum Gas	1953	TREASURY	20th of each month	898	Michigan Transportation Fund
Liquor Excise - 4%	1957	Consumer & Industry Services	At time of sale to retail licensees	27,233	School Aid Fund
Liquor Specific - 4%	1959	Consumer & Industry Services	At time of sale to retail licensees	28,023	General Fund
Liquor Specific - 1.85%	1972	Consumer & Industry Services	At time of sale to retail licensees	9,991	Liquor Purchase Revolving Fund
Liquor - 4% Tourism and Convention Facilities	1985	Consumer & Industry Services	At time of sale to retail licensees	27,311	Debt Service for Cobo Hall Expansion and Local Units
Marine Fuel	1947	TREASURY	20th of each month	578	Michigan State Waterways Fund
Motor Carrier Diesel Fuel	1980	TREASURY	Last day of month following close of qtr.	53,892	Michigan Transportation Fund
Motor Carrier's Privilege	1923	Consumer & Industry Services	December 1	6,054	Michigan Transportation Fund
Motor Vehicle Weight or Value	1905	State	Owner's birthday	757,236	Michigan Transportation Fund
Real Estate Transfer	1994	TREASURY	County Treasurer remits to State on the 15th in the month after receipt	250,663	School Aid Fund
Sales	1933	TREASURY	15th and last day of each month	6,240,769	73.3% to School Aid Fund, 1.7% to General Fund, 1.3% to Comprehensive Transportation Fund, 23.7% to Local Units
Single Business	1975	TREASURY	April 30, or last day of 4th month after end of taxpayer's tax year	2,364,435	General Fund
State Education	1994	TREASURY	County Treasurer remits to State the month after receipt from Local Units	1,337,391	School Aid Fund
Snowmobile Registration	1968	State	October 1 (every 3rd year)	1,872	General Fund
Underground Regulatory	1989	TREASURY	10th and 25th of each month	59,567	Michigan Underground Storage Tank Financial Assurance Fund
Utility Property	1905	TREASURY	July 1, or 1/2 on August 1, 1/2 on Dec. 1	156,666	General Fund
Use	1937	TREASURY	15th of each month	1,327,630	66.7% to General Fund, 33.3% to School Aid Fund
Watercraft Registration	1967	State	January 1 (every 3rd year)	9,326	17.5% to Michigan State Waterways Fund, 33.5% to Harbor Development Fund, 49% to Marine Safety Fund

# Local Property Taxes

Local property taxes in Michigan are levied by local units of government - school districts, cities, counties, townships and villages. Each of Michigan's 83 counties then "equalizes" the local assessments.

Equalization ensures that similar properties in different areas are assessed equitably. Following county equalization, the State Tax Commission equalizes among counties.

Table 14 shows state, county and local equalized valuations for calendar year 1999 and the prior decade. This table also lists the total Taxable Valuation beginning with the 1994 tax year and lists the average tax rate (millage) for each year. Table 15 shows how property tax dollars are apportioned among the various taxing units.

Michigan taxpayers' local property tax burden is lessened substantially by an income tax credit for property taxes paid.

## Table 14



### Local Property Tax Valuation, Levies and Average Rates (In Millions of Dollars)

Calendar Year	Local Assessed Valuation	County Equalized Valuation	State Equalized Valuation	Taxable Valuation (a)	Total Taxes Levied	Average Rate (Mills) (b)	Homestead Average Rate (c)	Non-Homestead Average Rate
1999	\$ 260,964	\$ 261,002	\$ 261,002	\$ 228,096	\$ 8,933	39.16	31.40	49.76
1998	237,401	237,410	237,416	215,179	8,450	39.27	31.43	49.68
1997	216,682	216,745	216,745	202,616	7,952	39.25	31.36	49.63
1996	200,246	200,341	200,341	191,777	7,536	39.32	31.35	49.52
1995	186,262	186,388	186,395	185,530	7,081	38.88	31.00	48.79
1994	175,280	175,550	175,195	175,195 (a)	6,704	38.19	30.22	48.17
1993	167,651	167,877	167,731	---	9,501	56.64	---	---
1992	154,266	154,284	153,929	---	8,942	58.09	---	---
1991	150,687	150,858	150,665	---	8,639	57.34	---	---
1990	139,921	140,166	139,901	---	7,998	57.17	---	---
1989	128,649	128,813	128,754	---	7,391	57.40	---	---

(a) Beginning in 1994, property taxes have been levied against Taxable Value, not State Equalized Value.

(b) This is the Average Rate based on all classes of property.

(c) Homesteads include those properties which receive the "homestead" exemption, and those which receive the "qualified agricultural property" exemption.

## Table 15



### Distribution of Local Property Taxes (In Thousands of Dollars)

Taxing Unit	Taxes Levied		Percent of Increase
	1998	1999	
City	\$ 1,655,571	\$ 1,734,404	4.76%
County	1,356,051	1,432,072	5.61%
Township	454,170	481,799	6.08%
Village	65,753	70,715	7.55%
School	3,626,994	3,845,804	6.03%
State Education Tax	1,291,075	1,368,578	6.00%
Totals	<u>\$ 8,449,614</u> (a)	<u>\$ 8,933,372</u> (b)	

(a) \$469.6 million of the total property taxes levied in 1998 was refunded to taxpayers through the "circuit breaker" system of property tax credits against State income tax due or as a reimbursement if they exceed the income tax.

(b) \$483.9 million of the total property taxes levied in 1999 was refunded to taxpayers through the "circuit breaker" system of property tax credits against State income tax due or as a reimbursement if they exceed the income tax.

## NOTES

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